General Government

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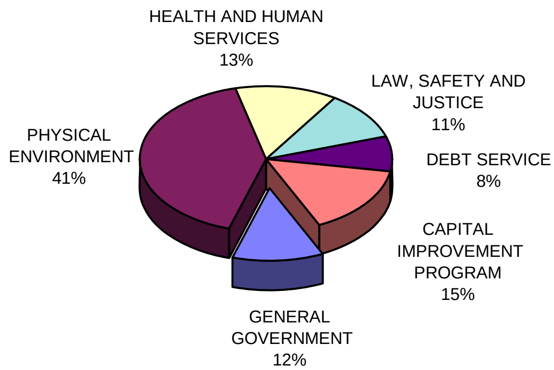
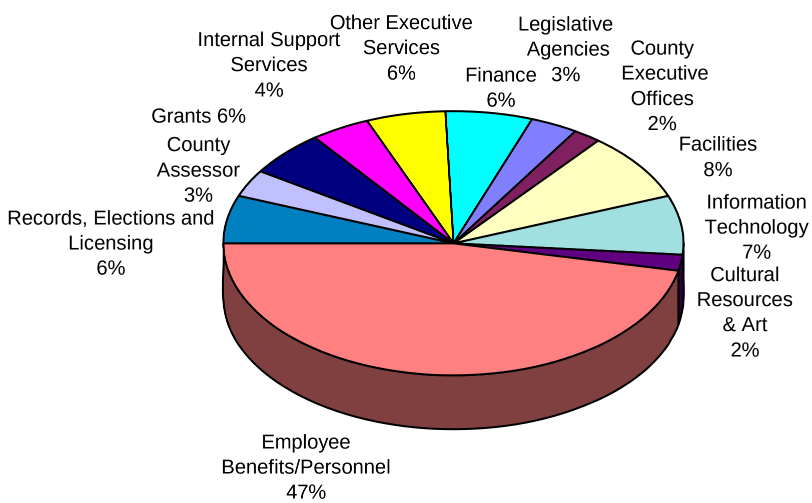
$559 Million





Organization of the Pie Chart: **The following agencies were combined to make the pie chart more readable.**

Employee Benefits/Personnel: Human Resource Management, Safety & Claims Management, and Employee Benefits.

County Executive Offices: County Executive, Office of the Executive, OMB, and Ofc. Strategic Plan & Perf Measurement

Legislative Agencies: Board of Appeals, Council Administrator, County Auditor, County Council, Ombudsman/Tax Advisor, and Hearing Examiner, King County Television, Office of Independent Oversight

Cultural Resources & Art: Cultural Development Fund

Internal Support: Boundary Review Board, Memberships and Dues, Executive Contingency, Internal Support, Citizen Counselor Network and State Examiner.

Information Technology: Data Processing, Telecommunications, Printing & Graphic Arts, Cable Communications, OIRM, I-NET, and DES ER.

Other Executive Services: Executive Administration, Property Services and Insurance.

Due to rounding, figures in pie chart may not add to 100%.

Source: Program Plan Summary Page (Found at the end of the section).

PROGRAM EXPLANATIONS

INTRODUCTION

The General Government program area comprises the major administrative and central support services for King County government. There are a wide variety of agencies represented in this program area. These agencies can be divided into four main categories:

- elected officials (for example, the County Council, County Executive, and Assessor);
- central service agencies that provide a service to other county agencies;
- direct public service agencies; and
- miscellaneous agencies and central reserves.

Approximately 71 percent of the General Government budget is located within internal service funds. Internal service funds provide services primarily to other county agencies and recover the cost of services provided by billing those agencies. A sizeable portion of the total General Government budget (approximately 20 percent) is located in the General Fund. Lesser amounts (9 percent) are budgeted in special revenue funds and enterprise funds.

In response to the severe constraints facing the General Fund as well as virtually every other county fund, the 2010 Proposed Budget for General Government agencies includes $12.4 million in expenditure reductions and revenue increases. The 2010 Executive Proposed Budget demonstrates the King County Executive's commitment to making deep administrative reductions and the elimination of discretionary spending in order to preserve mandatory direct services to the residents of King County.

Highlights of the General Government program area such as, significant program change dynamics, capital investments in technology and facilities, and central rate changes are described below.

Significant Program Changes and Reductions

Executive's Commitment to at least 10 Percent Reductions – In response to the significant fiscal challenges facing King County and in order to preserve direct county services and mandatory functions, the County Executive directed that at all executive office agencies, which include the County Executive, the Office of the Executive, the Office of Management and Budget, the Office of Strategic Planning and Performance Management, and the Office of Information Resource Management, make reductions of at least 10 percent. The proposed budgets for the offices of the county executive reflect that commitment. The Executive proposed budget includes reductions for executive office agencies totaling $2,619,429, a 12.3 percent reduction from status quo budget projections. The reductions comprise 11 full time equivalent positions and five term limited positions. Additionally, the Executive fellow program is eliminated in the Department of Natural Resources and Parks Administration budget, for a reduction of two positions and $206,324.

Legislative Branch 10 Percent Reduction – The King County Executive has asked the Legislative Branch to make reductions commensurate to the level of reductions committed to for Executive Offices. This action is essential in order that the Executive and Legislative and Independent Agencies share the impacts of the budget crisis and help mitigate reductions to direct services to residents. The executive proposed budgets for Legislative Agencies reflect this direction. The legislative and independent agency budgets contain a placeholder equal to a 10 percent reduction from status quo budget projections, in order that the Legislative Branch may identify specific reductions during the County Council review and adoption of the 2010 budget. The 10 percent reduction for the legislative branch totals $2,173,880.

Assessments Commitment to Reductions – The 2010 Executive Proposed Budget for Assessments continues to focus on increases in efficiencies and reduction of costs. Assessments has committed to reductions totaling $1,164,285, while continuing to meet all statutory requirements. This amount represents a 5.9 percent reduction from status quo operations. This reduction will be spread throughout the department and include decreases in overtime and salary costs. The department will continue to seek new efficiencies, both through technology, and through the evaluation of current business practices.

Flood Planning and Risk Mitigation – Early in 2009, the United States Army Corps of Engineers (USACE) discovered damage to the right abutment of the Howard Hanson Dam, which controls the release of flood waters into the Green River. To avoid the possibility of a complete failure of the dam, the USACE will restrict the amount of water retained by the dam and increase the release of water into the Green River during periods of heavy rain. This operational change has the potential to cause severe flooding in the Green River Valley. While the 2010 Executive Proposed Budget does not contain funding specifically for flood planning or response, the planning efforts are well underway and several General Government agencies have significant involvement and impacts. In 2010, the Emergency Management Program will maintain its focus on an all-hazards approach to disaster planning, with particular emphasis on regional flood preparation and response efforts related to potential flooding on the Green River. The Facilities Management Division is the lead agency in managing the risk identification and mitigation planning for county facilities at risk of flood. Planning in the summer and fall of 2009 has focused on measures that can be taken to protect county-occupied buildings in the event of a flood, as well as county-occupied building evacuation and relocation plans. In mid-2009, the County Executive in consultation with the King County Council decided to relocate the Elections function from its location in the potential flood plain to the Airport Operations Center (AOC) building at the King County International Airport to avoid disruptions in ballot counting following the November general election should a flood event occur. Elections is legally mandated to count the ballots and certify the results within three weeks of the election. The move commenced in September 2009. The King County Animal Shelter is also in the flood plain. Plans are being developed to evacuate the facility by November 1, 2009, and relocate to an alternate facility to ensure that animals are not at risk in event of flooding. The 2010 costs for flood mitigation will be addressed in a separate supplemental appropriation request that will be submitted to the County Council this fall.

Records and Licensing Services Animal Care and Control Business Transformation – In response to the significant fiscal challenges facing the county in 2010, the King

County Animal Care and Control budget eliminates the $1.5 million General Fund subsidy historically provided to offset the shortfall from animal licensing fees in unincorporated King County and its contracting cities. To that end, King County is no longer able to offer the same level of animal care and control services. The severe fiscal challenges facing Animal Care and Control are exacerbated by the operational challenges presented by the Green River Flood emergency. To mitigate the budget shortfall and the risks posed by the Green River Flood emergency, King County Animal Care and Control is partnering with its contract cities and community organizations to transition to an alternative, fiscally sustainable business model by June 2010.

Employee Benefits' Implementation of Healthy Incentives Benefits Package for 2010 – 2012 – The 2010 Employee Benefits budget implements the first year of a three year benefits package that continues the Health Reform Initiative (HRI) Healthy Incentives^{SM} program with modifications that were agreed to by the Joint Labor Management Insurance Committee in 2009. The HRI has taken steps to reduce administrative costs by renegotiating vendor contracts and streamlining the Wellness Assessment and Individual Action plans that are integral to the program. Cost growth is contained by means of changes to the benefits plan that include shifting a greater portion of cost to employees and their dependents through increased out-of-pocket expenses and through changes to the pharmacy plan to encourage the use of more cost-effective generic drugs. This agreement recognizes the financial difficulties facing the county by reducing projected costs growth by $37 million over the next three years, while delivering a comprehensive benefit package that ranks among the very best in the nation in terms of both affordability and effectiveness. The total costs shifted or avoided are equivalent to a $70 per employee per month premium share, or 18 percent of healthcare costs. The benefits package reflects a commitment by both labor and management that employees must share costs. Health policy experts and researchers have established that simply shifting costs to employees in the form of a premium share does not solve the problem of escalating health care costs. By tying employee cost share to actual utilization (i.e. co-insurance), the plan emphasizes and encourages employees and their dependents to effectively manage their utilization of healthcare resources thereby controlling overall costs to the county.

Human Resources Division Elimination of Training – In response to the severe fiscal crisis in the General Fund the Human Resources Division (HRD) budget completely reconfigures the Training and Organizational Development program by eliminating the existing program. In its place HRD will utilize its remaining resources to present a substantially reduced supervisory education and orientation program.

Capital Investment in Facilities and Information Technology

The General Government capital program includes two major project categories: technology and facilities. The 2010 Executive Proposed Budget for General Government capital project proposals includes seven Information Technology projects for a total of $3,259,909 and 10,286,106 for 38 projects in the Major Maintenance program. Together, the technology and major maintenance project totals $13,677,320 of 2010 Executive Proposed Budget authority. The budget development methodology and project descriptions are provided below.

Agency	Project	2010 Executive Proposed
Facilities		
Facilities	Major Maintenance Program	$ 10,286,106
Technology		
DES: FMD	FMD Contruction Management	$ 194,000
DES: RALS	Electronic Records Management	$ 656,426
OIRM	Countywide Telephony System Replacement	$ 250,000
OIRM	Executive Office IT Reorg	$ 954,860
OIRM: Radio	Emergency Radio System Replacement	$ 311,305
OIRM: Radio	Radio Enhancements	$ 500,000
OIRM: Radio	VHF UHF Narrowbanding	$ 524,623
Totals		
Facilities		$ 10,286,106
Technology		$ 3,391,214
Total		$ 13,677,320

Note: Project descriptions are included in the individual agency's program highlights narrative.

Technology Project Prioritization Methodology

The information technology (IT) projects included in the 2010 Executive Proposed Budget have been evaluated through a structured review process to validate alignment with the county's Strategic Technology Plan investment criteria: evaluate the value propositions, and assess project and operating risks. The IT review included initial conceptual presentations and provided early Chief Information Officer (CIO) direction for budget submittals. The review of IT budget requests was coordinated with the county's technology governance committees and was presented to the CIO for recommendations.

There are four primary goals used to categorize IT projects:

- Accountability
- Customer service / accessibility
- Efficiency
- Risk management.

Each IT project is categorized by a primary goal alignment. The evaluation of each project is based on the potential achievement of meeting the stated measurable business objectives and specific benefits aligned with the primary goal. The review process includes an evaluation of project and operating risks, plan of work, approach, and timeline. This review also yields a high-level understanding of the significant technical aspects of the proposed IT project such as architecture and interoperability, effect on current IT environment, alternatives, and feasibility. This analysis forms the basis for the establishment of specific CIO recommendations and conditions concerning the governance requirements for each project.

In evaluating General Fund supported IT projects for potential inclusion in the 2010 budget emphasis was placed on cost savings and replacement or updating of outdated systems. Limited funding availability of GF resources severely restricts projects which are proposed for funding.

IT projects aligned to the primary goal of efficiency are evaluated based on the completion of a Cost/Benefit Analysis (CBA). The CBA uses a Net Present Value (NPV) method of comparing future cash flows expected from an IT investment to the expected cash outflow of the investment.

Facilities Project Prioritization Methodology

Major Projects Prioritization Methodology

The Facilities Management Division's (FMD) major and strategic initiative projects are numerically scored on the following weighted criteria:

Criteria	Weight
Targets a critical, long-term policy need	2
Adequacy of existing facilities to meet long term needs	3
Targets an essential service or program	3
Fulfills a programmatic need identified in an OMP or FMP	2
Improves service delivery of agency or enhances agencies revenue	2
Addresses a life-safety risk	3
Maintains minimum operational standards of an ongoing program	2
Implementation of project is critical	3

Each project is given a score for each criterion and then ranked based on the final score.

Major Maintenance Prioritization Methodology

The FMD prioritizes all projects from the major maintenance financial model scheduled for replacement in the current six year plan based on a three level rating system. The first cutoff level is the scheduled replacement year. The second level is based on the importance of the building based on the following order: a) detention, b) sheriff and public health facilities, c) office and court buildings, and d) warehouses and other building types. The third level is based on the building systems, which are ranked in the following order: a) improves safety, b) preserves facility integrity, c) achieves operational efficiencies, and d) improves appearances.

General Fund Agency Project Requests Prioritization Methodology

The General Fund agency projects are prioritized by an Advisory Committee that has members from the Sheriff's Office, Department of Adult and Juvenile Detention, Department of Judicial Administration, Superior Court, Public Health, and District Court. This committee meets several times to review health/life safety or projects that would yield a short-term payback.

The General Government Capital Program proposed for 2010 amounts to $10.95 million, including $10.29 million for facility major maintenance projects.

For the year 2010, the Facilities Management Division Capital Program includes the following projects:

- Remodel the North Public Health Center Counter Family Health Check-In/Out Reception Counter Area to comply with HIPAA, ADA and work place ergonomic standards, and to enhance staff safety and security.
- Provide continued FMD staff participation in the ongoing South Park Landfill Remedial Investigation/Feasibility Study and cleanup planning, in partnership with the City of Seattle and South Park Property Development LLC, in compliance with an Agreed Order from Washington State Department of Ecology.
- Install HVAC equipment at the Youth Service Center's Isolation Room to provide required environmental isolation of inmates with airborne-transmissible diseases.

The General Government Capital Program is funded by a variety of sources: the General Fund, unobligated fund balance in existing bond funds, energy rebates and bond funding.

Internal Service Fund and Central Overhead Charges

Internal service funds provide services primarily to other county agencies and funds. Their primary source of revenue is derived from charging these funds to recover the cost of services provided. All county funds have an obligation to ensure that the county continues to be able to deliver direct services to the public, and therefore, all internal service funds must reflect the same discipline and constraints that the paying funds are experiencing. In 2010 virtually every county fund is in a state of financial distress to one extent or another. The budgets and the resultant central charges for internal service funds reflect the commitment to administrative service reduction in order to preserve direct services to county residents.

The following is a brief summary of the major internal service rates and other centrally charged overhead rates.

Facilities Management Division – The Facilities Management Division (FMD) operations and maintenance (O&M) charges reflect the operational costs of the county general government buildings. FMD has established service level agreements with client agencies that outline base service levels as well as augmented service levels to respond to business needs. The charges are assessed on a per square foot (psf) basis, and each building has a unique tenant rate based on the actual O&M costs of that building. The 2010 proposed tenant revenues decreased by 3.9 percent from the 2009 adopted level. This overall decrease includes the impact of labor, utility, and other operating costs offset by a proposed $1.0 million fund balance draw-down in accordance with FMD's adopted fiscal policies. The draw-down results in a one-time $0.37 psf credit to the 2010 tenant rates at all FMD managed facilities.

Risk Management – The cost of risk management, including insurance premiums, losses and loss adjustment expenses, are billed back to the operating agencies through the Insurance Internal Service Fund. For the 2010 Executive Proposed Budget, the rate has a zero increase from 2009 Adopted levels. The Office of Risk Management (ORM) funding requirements are determined annually by an actuary, and insurance charges are allocated based on agencies' historic loss experience. The 2010 Executive Proposed

Budget reflects a decrease of $680,686 in claims and insurance premium expenditures from the 2009 Adopted Budget. ORM continues an aggressive recovery effort as a revenue enhancement to county agencies. ORM works cooperatively with all county departments to aggressively pursue recovery from those who negligently damage county property or injure county employees. All monies recovered are returned to the agency that sustained the loss.

Flex Benefits – King County has a flexible benefit package which offers employees several options for coverage and providers. All of the benefit costs are accounted for in the Employee Benefits Fund, which then recovers its costs through a single standard monthly rate charged to agencies for each benefits-eligible employee. The standard rate charged in 2009 was $1,171 per employee per month. The standard rate for the 2010 Executive Proposed Budget is $1,194 per employee per month, a 2 percent increase. In 2010, the Group Health Plan will become self insured for both regular employees and the Sheriff Deputies. With this change, all medical plans will be self insured.

The 2010 Employee Benefits budget implements the first year of a three year benefits package that continues the Health Reform Initiative (HRI) Healthy Incentives℠ program with modifications that were agreed to by the Joint Labor Management Insurance Committee in 2009. The HRI has taken steps to reduce administrative costs by renegotiating vendor contracts and streamlining the Wellness Assessment and Individual Action plans that are integral to the program. Cost growth is contained by means of changes to the benefits plan that include shifting a greater portion of cost to employees and their dependents through increased out of pocket expenses and through changes to the pharmacy plan to encourage the use of more cost-effective generic drugs. This agreement recognizes the financial difficulties facing the county by reducing projected costs growth by $37 million over the next three years.

Safety & Claims Management – The cost of workers compensation, including medical payments, time loss wages, disability benefits, excess insurance premiums, liability increases and state fees, are billed out to agencies through a rate based on the number of projected hours worked by employees. The rate is allocated across five risk classifications from field work to office work. The Transit and Wastewater Treatment Divisions have their own rate allocated on their own claim experience. For 2010, the Transit rates increased 1.3 percent and the Wastewater Treatment Division rates increased by and 9.7. Rate changes for a specific job class from 2009 to 2010 ranged from an increase of 17.5 percent for semi-field to an decrease of -1.4 percent for field workers, and -6.6 percent for office workers.

In response to the 2004/2005 workers compensation council audit, the County Executive committed to changing the worker compensation liabilities reporting method and fully funding the increased amount. A 20-year fund building plan was initiated. As a result of successful efforts to reduce worker's compensation costs over the past four years, Safety and Claims has made remarkable progress toward funding the total claims liability. Currently, the liabilities are 79 percent funded. The proposed 2010 budget provides funds to cover the increased liabilities reported in the CAFR. Additional funds to reduce the fund deficit are not necessary in light of the recent progress, allowing for a county-wide reduction in rates.

Office of Information Resource Management (OIRM) Operating – OIRM is responsible for functions within the office of the Chief Information Officer (CIO) including: IT governance; strategic planning; the county's Information Security and Privacy Office; and OIRM's financial, administrative, human resources, and payroll functions. The 2010 charges decreased by 14 percent over 2009 adopted rates. This was achieved through various cost saving measures, including savings from the IT reorganization effort. In addition, OIRM operating fund also provided one time rebate in the amount of $500,000 (4 percent of 2009 adopted) to be allocated to all county agencies

OIRM Technology Services – Technology Services is responsible for network services, county web infrastructure support, and enterprise services for all county agencies. This fund also provides customized services such as business application development and support; mainframe, server, and data base maintenance; backup services; and server hosting. The cost to operate and maintain enterprise infrastructure is allocated to agencies based on their number of county employees. Enterprise services costs, including messaging, are allocated based on the number of agency mailboxes. Customized service charges are based on usage and service level agreements for the use of those custom services. Technology Services infrastructure charges for 2010 will start to include $963,423 representing a half year of the annual debt payment for new King County data center. Despite this significant increase in cost, overall Technology Services charges have decreased by 3 percent from 2009 charges. This decrease is due to various cost savings measures implemented by the department, as well as the benefits realized from the IT reorganization effort. In addition, Technology Services fund also provided one time rebate in the amount of $200,000 for the desktop services customers. OIRM will no longer provide desktop services in 2010. DES will take over the existing OIRM customers which primarily consist of DES agencies.

OIRM Radio Services – Radio Communication Services (RCS) is an enterprise service fund and serves county agencies and organizations in other jurisdictions. Rates were set to recover the operation and infrastructure maintenance costs of the county's 800 MHz radio system and the cost associated with servicing and replacing radios used by agencies. Total 2010 Radio Communication charges to internal agencies experienced an inflationary increase of 3 percent compared to the 2009 charges.

OIRM Telecommunications – The Telecommunications overhead rate covers the cost of managing and monitoring the operations of the county's telecommunications environment including the impact of moves, changes, new facilities, monitoring of vendor contracts, and other support services. The 2010 proposed charges for the overhead rate are 5 percent less than the 2009 adopted rates as a result of reduction in voicemail maintenance and elimination of vendor service that were no longer needed. Overhead rates are allocated based on the number of agency phone lines. This fund will also provide a one-time rebate in 2010 in the

amount of $300,000 to be allocated to all county agencies. Another Telecom rate, which is for direct usage charges, is a pass-through for vendor cost managed by the Telecom group.

Countywide Technology Projects Charge – The OIRM CIP rate was established in 2004 as a transfer to the OIRM Capital Fund. This rate provides for the allocation of costs to county agencies for OIRM managed countywide information technology projects. The rate is allocated based on the number of positions in the various appropriation units. As was the case in 2009, there are no proposed countywide information technology projects in 2010 and therefore, no rates are allocated.

General Fund (GF) Overhead – The cost of several GF agencies that provide services countywide is recovered from non-GF agencies through the GF Overhead Plan. The GF agencies or services included in this plan are the County Council, Executive Offices, Office of Management and Budget, Office of Strategic Planning and Performance Management, Human Resources, Emergency Management, Department of Executive Services (DES) Administration, State Auditor, the King County Information Line, bus pass subsidy, building occupancy charges, mail services, asset management services, membership and dues and records management services. The 2010 Executive Proposed GF overhead plan decreased by $4.7 million (6.5 percent) from 2009 level, totaling $67.9 million. In 2010, the non-GF portion of the total cost pool declined by $3.8 million (10.6 percent) from 2009 while the GF portion also shrank by $42,921 (0.1 percent). The 2010 GF overhead rate incorporates a true-up of cost pools between 2008 adopted and 2008 actual expenditures. This resulted in a $2.5 million rebate to non-GF agencies, which are incorporated into the 2010 GF overhead rate.

Financial Services – Financial services covers a broad array of activities including accounts payable, accounts receivable, payroll processing, benefits and retirement services, financial system operations, financial reporting, grants administration, procurement of goods and services, as well as professional and construction contracts, and treasury functions. The treasury passes its costs to the General Fund and other county funds that levy property taxes. Finance rate charges for 2010 have decreased a net 10.3 percent from 2009. The 2010 Finance rate includes a rebate of $2.2 million. The rebate is composed of a reconciliation of 2008 actual cost of services with service levels provided to agencies, an advanced rebate from projected 2009 savings, and 2010 one-time cost savings. Finance negotiates service level agreements for many components of the services offered to client agencies.

Fleet – The Motor Pool Equipment Rental and Revolving (ER&R), Public Works ER&R and Wastewater ER&R rates are based on a full-cost recovery model. The rates charged to agencies are based primarily on three factors: vehicle use, vehicle maintenance, and vehicle replacement. Fleet uses an industry standard model to determine the economically efficient time to replace a vehicle. This vehicle replacement model considers variables such as annual costs, resale or salvage value, and purchase price. The 2010 recovery rates are based on 2008 actual use, thus volatile and escalated fuel costs in 2008 affected 2010 rates. However, the agency has taken cost-saving measures in order to mitigate the effects of past increased costs and the 2010 Executive Proposed Budgets reflect these reduced costs and increased efficiencies. The implementation of the Unattended Dispatch System at the Goat Hill and King Street Center garages, for example, provides around-the-clock access to county vehicles and decreases the costs of the dispatch vehicle system. Also, in 2008, Fleet established a user group to provide a forum to exchange information and cooperatively establish fleet usage standards and policies; the associated Vehicle Utilization Policy dictates that all departments review usage and turn in lower-use vehicles. This new policy will save the county money, while still allowing access to vehicles through expanded accessibility to the Motor Pool Daily Rental (or Dispatch) vehicles. The user group and utilization policy lay the groundwork for development of service level agreements between Fleet and customer agencies.

Limited Tax General Obligation (LTGO) Debt Insurance – King County issues LTGO bonds on behalf of many of the non-General Fund agencies. The full faith and credit of the county secures these bonds, which means that the county pledges to levy property taxes sufficient to provide the revenue necessary for the repayment of bonds. This assurance to bond holders, combined with the county's high bond rating, results in lower interest rates charged to the non-General Funds. Lower interest rates result from the General Fund accepting a certain level of risk. The 2010 proposed budget includes charges reflecting the estimated interest rate benefit of 0.25 percent. The charge calculated on remaining principal balance of new and existing debt is 0.125 percent, or half of the benefit. This reduction recognizes the reduced interest rates Wastewater would pay on debt issued without General Fund support. The total charge to be assessed is $1,079,553, a $277,647 increase from 2009 levels.

Long Term Leases – Long term lease rates for county agency occupancy of leased space are driven by market rates. In the 2010 proposed budget long term lease expenditures decreased by $979,745 or 3.45%. The major portion of the reduction is the result of the termination of the Columbia Center lease ($459,700) which housed both the Office of the Executive and the Office of Management & Budget prior to 2009. In addition, debt service payments ($481,000)

for the Issaquah District Court were removed from the long term lease fund and are paid by the General Fund.

PERS and LEOFF Retirement Rate – The 2010 Executive Proposed Budget reflects an employer contribution rate of 5.31 percent for PERS and an employer contribution rate of 5.24 percent for LEOFF II. These rates are significantly lower than the rates included in the 2009 Adopted Budget and result in $17.6 million lower budgeted employer retirement contributions than in 2009. The reduction in rates is a result of actions taken by the state legislature in adoption of the state budget. The savings from these reduced rates are temporary. The State Actuary has published projected rates that steeply increase to 6.90 percent in 2011, 8.86 percent in 2012, and over 10 percent for ensuing years. These rate increases have been factored into the projected out year forecast for the General Fund and other major funds.